the extent an arrangement allows the taxpayer to satisfy all or a portion of the indebtedness with the installment obligation.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales or other dispositions occurring on or after the date of the enactment of this Act.

SEC. 810. INCLUSION OF CERTAIN VACCINES AGAINST STREPTOCOCCUS PNEUMONIAE TO LIST OF TAXABLE VACCINES.

(a) IN GENERAL.—Section 4132(a)(1) of the Internal Revenue Code of 1986 (defining taxable vaccine) is amended by adding at the end the following new subparagraph:

''(L) Any conjugate vaccine against streptococcus pneumoniae.''.

(b) EFFECTIVE DATE.—

(1) SALES.—The amendment made by this section shall apply to vaccine sales beginning on the day after the date on which the Centers for Disease Control makes a final recommendation for routine administration to children of any conjugate vaccine against streptococcus pneumoniae.

(2) DELIVERIES.—For purposes of paragraph (1), in the case of sales on or before the date described in such paragraph for which delivery is made after such date, the delivery date shall be considered the sale date.

TITLE IX—MISCELLANEOUS PROVISIONS

SEC. 901. MEDICARE COMPETITIVE PRICING DEMONSTRATION PROJECT.

(a) FINDING.—The Senate finds that implementing competitive pricing in the medicare program under title XVIII of the Social Security Act is an important goal.

(b) PROHIBITION ON IMPLEMENTATION OF PROJECT IN CERTAIN AREAS.—Notwithstanding subsection (b) of section 4011 of the Balanced Budget Act of 1997 (Public Law 105–33)), the Secretary of Health and Human Services may not implement the Medicare Competitive Pricing Demonstration Project (operated by the Secretary of Health and Human Services pursuant to such section) in Kansas City, Missouri or Kansas City, Kansas, or in any area in Arizona.

(c) MORATORIUM ON IMPLEMENTATION OF PROJECT IN ANY AREA UNTIL JANUARY, 1, 2001.—Notwithstanding any provision of section 4011 of the Balanced Budget Act of 1997 (Public Law 105–33)), the Secretary of Health and Human Services may not implement the Medicare Competitive Pricing Demonstration Project in any area before January 1, 2001.

(d) STUDY AND REPORT TO CONGRESS.—

(1) STUDY.—The Secretary of Health and Human Services, in conjunction with the Competitive Pricing Advisory Committee, shall conduct a study on the different approaches of implementing the Medicare Competitive Pricing Demonstration Project on a voluntary basis.

(2) REPORT.—Not later than June 30, 2000, the Secretary of Health and Human Services shall submit a report to Congress which shall contain a detailed description of the study conducted under paragraph (1), together with the recommendations of the Secretary and the Competitive Pricing Advisory Committee regarding the implementation of the Medicare Competitive Pricing Demonstration Project.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico, under a previous order, is recognized for up to 10 minutes.

AUTHORITY FOR COMMITTEES TO REPORT

Mr. DOMENICI. Mr. President, I ask unanimous consent that notwithstanding the adjournment of the Senate, the committees have until 3 p.m. today in order to file committee-reported legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDERS FOR MONDAY, JULY 19, 1999

Mr. DOMENICI. This is on behalf of the leader, and it is already concurred in by the minority leader.

Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 12 noon on Monday, July 19. I further ask unanimous consent that on Monday, immediately following the prayer, the Journal of proceedings be approved to date, the morning hour be deemed to have expired, the time for the two leaders be reserved for their use later in the day, and that the Senate then stand in a period of morning business until 1 p.m. with Senators speaking for up to 5 minutes each with the following exceptions: Senator VOINOVICH, 15 minutes; Senator BAUCUS, 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. DOMENICI. For the information of all Senators, the Senate will convene at 12 noon and immediately begin a period of morning business until 1 p.m. Following morning business, the Senate will begin debate on a motion to proceed to the intelligence authorization bill. As a reminder, a cloture motion on the motion to proceed to the intelligence authorization bill was filed on Friday. That vote has been scheduled to take place at 10:30 a.m. on Tuesday. The leader has announced there will be no votes during Monday's session of the Senate. Therefore, the first vote on next week will take place at 10:30 a.m. on Tuesday.

ORDER FOR ADJOURNMENT

Mr. DOMENICI. If there is no further business to come before the Senate, I now ask unanimous consent that the Senate stand in adjournment under the previous order, following the remarks of Senators DORGAN and KENNEDY.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. I thank the Chair, and I thank the minority for concurring.

THE NON-SOCIAL SECURITY SURPLUS

Mr. DOMENICI. Mr. President, I will take a little time to speak about the surplus that we have over and above Social Security, which we call the non-Social Security surplus. That is the amount by which the taxpayers of this country have paid more into the U.S. Treasury than we need to run Government.

I choose now to speak to a proposal that I made with the introduction of a tax bill yesterday. I introduced it and had it printed and reported to the appropriate committee because I thought that even though I am not on the Finance Committee, that some of my ideas and thoughts might be relevant. I wanted the Senate to have the benefit of what I thought should be a good way to fix the Tax Code while we are reducing taxes.

Let me address this matter in a text that I have prepared and worked very hard on, including the bill that was introduced. I thank my staff for the diligent work and the Joint Committee on Taxation for their willingness to help us with evaluations of how much these various proposals will cost.

T.S. Eliot wrote, ''April is the Cruelest Month.'' Millions of Americans agree, especially around April 15. The Congress is going to pass a tax bill to make April a little kinder. I say it is time to share the surplus. Since without tax relief it takes the average worker until May 11 to earn enough money to pay his or her taxes, our tax bill also lets people start working for their families' benefit earlier in the year.

American families are currently saddled with an unprecedented tax burden. Total Federal tax collections are at a post-World War II high of 20.7 percent of the gross domestic product. Individual income tax collections alone are 10 percent of the gross domestic product and are projected to stay there. We have never experienced a government based on that level of income taxation, speaking of the income tax component of our total American government tax table.

The 1990s are truly a decade when government taxed the total population of America at a very excessive rate. The President will have a choice to spend on government programs or resist the urge to splurge and instead return the overpayment to its rightful owners in the form of a tax cut or tax relief. It is estimated the average American household will pay nearly $7,000 more in taxes than the government needs to operate the non-Social Security portion of the government over the next decade. The tax-writing committees of Congress are working right now to fashion a 10-year tax cut, phasing it in, that will total around $778 billion over the next 10 years. In the Senate it seems that they are working on that exact number because that is what the budget resolution we adopted said they should do. The House seems to be moving in a direction of a little larger tax cut over the decade, but we are talking now about $770 billion to $800 billion plus.

The ideas that are encapsulated in the bill I introduced take into account that the economy is booming. Personal income tax, as measured against adjusted gross income, is up 8.25 percent from 1997 over 1996. That is a current year IRS statistic. That is, personal income, as measured as adjusted gross income, is up 8.25 percent. Income tax revenues are up 10.2 percent. This is good news and bad news, and these statistics encapsulate both.

The good news is our salaries, capital gains, and interest income are growing. The bad news is that bracket creep is pushing more and more Americans into higher tax brackets, even though we do not have as many brackets as we had years ago when bracket creep was a major American problem because of high inflation.

It is still pushing them into higher brackets, and at the same time, the code is working to make more and more American taxpayers pay what is commonly called now AMT taxes; that is, alternative minimum taxes, which really were never intended to cover the vast number of Americans that are currently being pushed into the alternative minimum tax portions of our code because they are being pushed into higher brackets.

I share with the Senate the key components of the bill I introduced, and I want to recognize that this bill builds upon legislation introduced by Senators COVERDELL, TORRICELLI, and MACK.

The philosophy behind the various provisions is something important, as I view it. I have been a long-time advocate of fundamental tax reform. I believe it would be better for our economy and simpler and fairer if we could shift our tax base from income that is earned and instead tax income that is consumed. There are very few who disagree that that would be a very good approach to a philosophy of taxation in our country. I have often said our current code is hostile to savings and investing and that we, as a Nation, pay the price in the form of lower economic growth.

The philosophical underpinnings of this package corrects some deficiencies. Let me go through it.

First section. Broad-based tax relief for all taxpaying families. Purpose: To cut taxes for 120 million American taxpayers by lowering and widening the 15-percent Federal income tax bracket.

Second, marriage penalty mitigation and burden reduction. The purpose is to return 7 million taxpaying families to the 15-percent bracket and to cut taxes for another 35 million taxpaying families who will benefit from a tax cut of up to $1,300 per family. It eliminates or mitigates the marriage penalty for many middle-class taxpaying families. That happens by merely adjusting the brackets downward and upward in the 15-percent area. I repeat, you do not change the marriage penalty for middle-class taxpaying families, but by making the 15-percent bracket broader, adding $10,000 to the adjusted gross income people can earn and still be in that bracket, and lowering the bottom bracket 1.5 percent, much of the marriage penalty is mitigated for people in those brackets.

Third, dividend and interest tax relief. Adjusting the tax base to recognize that dividends and interest should not be taxed. Now, obviously, there is not room in a tax package to totally eliminate dividends and interest. But the purpose of our bill is to provide an incremental step toward taxing income that is consumed rather than income that is earned and saved. It simplifies the code by eliminating 67 million hours of spent time in tax preparation. It eliminates Federal income taxes on savings for more than 30 million Americans in the middle-class families and reduces Federal income taxes on savings for an additional 37 million Americans. It essentially allows about a $10,000 nest egg to grow, tax free, and will let Americans enjoy the miracle of compound interest.

Specifically, it excludes the first $500 in interest and dividend taxation. That permits you to grow this nest egg and not have to pay taxes on the interest and dividends for the first $500 in that kind of income. It sounds small, but it affects a huge number of Americans and starts us in the direction of saying we ought to save, and we ought to start taxing not earned income, but consumed income.

The next provision is a capital gains cut by recognizing that investment and investing should be encouraged, not penalized. A Tax Code for the new century should exclude modest capital gains from taxation. The purpose of the provision is to provide an incremental step toward shifting our Internal Revenue Code away from taxing savings and investment. A savings-friendly Tax Code would lower the cost of capital so that prosperity, better paying jobs, and innovation can continue in the United States.

The bill would eliminate capital gains for 10 million American families, 75 percent of whose income is $75,000 or less. This provision is also a 70 million man-hour timesaver. I can think of many activities to spend 70 million hours on rather than filling out tax forms. The specific of this provision is that it exempts the first $5,000 in long-term capital gains from taxation. It eliminates it totally from taxation.

Another important section deals with retirement savings incentives. The purpose of this is to say that the savings rate for all Americans will increase by reforming the system to favorably treat income that is invested for retirement. It provides targeted incentives to middle-class families to increase their retirement savings in a traditional IRA by $1,000 per working member of the family per year. Specifically, it raises the contribution limit for traditional deductible IRAs from $2,000 to $3,000 and indexes the limit for inflation, when we can fit that into the dollars in the code.

The bill includes a death tax phaseout. It recognizes that death should not be a taxable event in the 21st century. We do not have sufficient resources to do away with it in toto. Some will be proposing it. I think they will find that it is rather expensive, even with $782 billion to spend. So the purpose of ours is to begin phasing it out. Specifically, it reduces tax from the top rate of 55 percent to 40 percent.

Then we have innovation and competitiveness. We all know those are characteristics that, at this point in our economic history, are rampant in our American economy. Innovation and competitiveness are the things that turned the American economy around and made Japan ask: What is America doing right? It made France and Germany ask: What are they doing right? Fifteen years ago, everybody was asking the reverse. Some were wondering if we should do things like they did things. I am grateful we did not, for most of the difference was planning by Government. They continued to do it and we came out of it with innovation and competitiveness.

Now we ought to make sure we do what we can with this available surplus to make the research and investment credit turn out to be a permanent part of the Tax Code. This change recognizes that the single biggest factor in creating better jobs through productivity growth is innovation. Productivity growth is derived from research and development conducted in the private sector. Between 60 to 80 percent of the productivity growth since the Great Depression can be traced to innovation.

Specifics of the proposal. The provisions here are the same as those contained in Senate bill 951, which I introduced. It makes this tax credit permanent, but also expands it to cover businesses that were not heretofore covered, including many small businesses that are filled with innovation but can't avail themselves of the research and development tax credit.

Last, but not least, the bill includes a section on energy independence. All I will say is that America is, once again, looking at itself in the world and finding that we grow more and more dependent on oil from abroad. In fact, it has gotten so high that there is no question that America is now dependent for its very survival upon importing oil from foreign countries. We have probably reached the point where we cannot avoid that. We will always be dependent. But the question is, Should we let an American oil and gas industry—principally made up of independent producers and risk takers—wither and die on the vine? Or should we change the Tax Code so more capital will be made available by the way we change the Tax Code for that kind of industry, the oil patch of America, for those who supply the services, take the risks, and those who pump the oil and gas.

We have made some changes and many Senators are interested in some of these issues, such as oil and gas capitalization, through changing the Tax Code. I won't read them one by one. To be specific, with reference to my own

State, this overall proposal cuts taxes for 574,000 New Mexican families who have to file an income tax return.

First, the bill cuts taxes by 10 percent by lowering the 15-percent bracket to 13.5 with a 5-year phase-in. This lowers taxes for families with adjusted gross incomes up to $44,000 for joint filers and $28,000 for single filers. The tax change puts 424,000 New Mexicans who weren't up to that amount in a new lower bracket and cuts their taxes by 10 percent. This bill also raises the threshold on the 15-percent bracket—something that was included in the proposals made by the distinguished Senator from Georgia and Senator TORRICELLI from New Jersey. It raises that threshold by $10,000 so that middle-income Americans can earn up to $55,000 in a joint return and only pay 15 percent, instead of being dumped into the higher bracket once they are at $44,000. This is going to cut taxes for families with adjusted gross incomes between $44,000 and $55,000. You know the rest.

According to our own revenue and taxation department in my home State, approximately 151,000 New Mexicans would be returned to the 15 percent tax bracket from which they have been pushed out; 83,000 of the families would see their taxes cut by $1,300 a year. Because of the progressive rate change structure, New Mexicans in the 28, 31, 36 and 39.9 brackets would all see their taxes cut by a similar amount because of the marginal rate concept in our law.

This bill excludes $500 in interest and dividends from taxation. The exclusion essentially makes a $10,000 nest egg tax free; 504,000 New Mexicans will be helped by it and file more simple tax returns. The bill exempts $5,000 in capital gains from taxation, amounting to a $1.4 million tax cut for 118,000 New Mexicans.

I close with a quote from Milton Friedman.

Milton Friedman said, and I agree:

> The estate tax sends a bad message to savers, to wit: that it is O.K. to spend your money on wine, women and song, but don't try to save it for your kids. The moral absurdity of the tax is surpassed only by its economic irrationality.

The death tax is also one of the most unpopular taxes. While most Americans will never pay it, 70 percent believe it is one of the most unfair taxes. Its damage to the economy is worse than its unpopular reputation. The Tax Foundation found that today's estate tax rates (ranging from 18 to 55 percent) have the same disincentive effect on entrepreneurs as doubling the current income tax rates and NFIB called it the ‘‘greatest burden on our nation's most successful small businesses.’’

The would make R&E credit permanent and phase-in some modifications during last five years. This is essentially the text of a bill I introduced earlier this year.

The bill increases expensing to $250,000. This will simplify record keeping for 2.5 million small businesses and save them a whopping 107,000,000 hours in tax preparation.

It also phases out the AMT for both indivduals and corporations.

The tax plan also recognizes that there are certain areas of the country—oil patch in particular that are being devastated. At the same time, the oil and gas industry pays some of the highest taxes in the country. For this reason the bill also includes oil and gas tax relief.

While the Joint Committee on Taxation has not completed its revenue estimate, it is my intention that these tax provisions can be accommodated within the Budget Resolution.

The PRESIDING OFFICER. The Senator from North Dakota is recognized for up to 10 minutes.

Mr. DORGAN. I ask unanimous consent to be recognized for 20 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRIVILEGE OF THE FLOOR

Mr. DORGAN. I ask unanimous consent Tony Blaylock, a fellow on my staff, be given floor privileges until the end of the year.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DORGAN. Mr. President, I ask unanimous consent Kristi Schlosser be given floor privileges today.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE FAMILY FARMER

Mr. DORGAN. Mr. President, one only needs to open a newspaper or turn on a television set to a news program in this country, the United States, to understand we are experiencing a wonderful economy, a wonderful turn of events. This has lasted a long while. Most people are working. Inflation is down. Budget deficits have evaporated. The country is growing. The economy is doing better, and there is a lot of good news.

In addition to the general economic news, the stock market is in a kind of go-go mood reaching record highs. These breathtaking heights in the stock market are coupled with stories about young people involved in the Internet who are making millions before they are old enough to shave. That is wonderful.

There are a lot of people doing well in this country because of the economy. But there are some who are left behind and left out. We ought to pay attention to some of these storm clouds. I am speaking especially about family farmers. They are this country's economic all stars and have been for some long while. They are suffering silently, but they are suffering in a very significant way today. This Congress has a responsibility to do something about it.

Let me read a letter that I received from a farmer in North Dakota a day or two ago. He says:

> As a family farmer and rancher, it doesn't seem to me there are many people who care much about us anymore. It sometimes brings tears to my eyes that maybe in a year or two I won't be around in farming anymore. This won't be easy to explain to my three daughters. I wanted to bring them up in a rural setting. If it happens I can't farm, I hope they read in the history books some day that it wasn't because their dad was a dumb man. It was caused by policy and giant concentrations of companies who want world dominance.

This farmer, who worries about losing his farm and worries about how he will explain that to his three daughters, worries about not being able to raise his daughters on the family farm. He says it is not his fault. And it isn't.

I want to describe what this man is going through.

Another farmer wrote to me and said:

> I'm sitting at the kitchen table at 3:30 in the morning. It is spooky quiet out here these days, neighbors going broke, moving away, family farmers can't make it. My family is asleep and I don't know how long I will be able to hang on to this family farm.

Let me describe what these farmers face. While the stock market reaches record highs, here is what happens to the price of wheat. Those family farmers see their income declining in a very significant way. No one else is experiencing declining income. CEO salaries aren't going down; they are going up, up, up—way up. The stock market is going up to record highs. Yet if you are raising wheat and you are a family farmer, you have seen your income collapse.

What if you are raising corn? Exactly the same thing. Your income is collapsing.

What if you are raising soybeans on the family farm? The same thing. The income is collapsing.

What share are you getting as a family farmer of the retail food dollar? Collapsing.

In the spring, you borrow some money, you buy some seeds, you fix up the tractor, plant the seeds, and hope they grow. You worry about insects; you worry about crop disease; you worry it will hail; you worry that it won't rain enough, or maybe too much; and then at the end you may get a crop. If you get a crop, you worry when you will get it off the ground. After you have combined it and harvested the crop, you put it on the truck and drive to the elevator, only to be told the grain trade says that the crop produced has no value. We are going to pay you $1.50 or $2 a bushel less than it cost to produce.

You sit in the truck as a family farmer, knowing you took all of these risks, that your family is depending on you, and that the world is hungry. You hear the stories. You hear that in the Sudan a million people face the abyss of starvation and old women climb trees to forage for leaves because they have nothing to eat.

The grain trade says the food we produce has no value. Farmers scratch their heads and say: I guess it is because the public policies in this country say that family farmers don't count. Family farmers don't matter.